ON05940

P91-19

ONTARIO PUBLIC SCHOOL BOARDS' ASSOCIATION

PRESENTATION TO

THE STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS, 1991

PROVINCIAL BUDGET CONSULTATION

Funding Our Education System in the 1990's

Ontario Public School Boards' Association

The ONTARIO PUBLIC SCHOOL BOARDS' ASSOCIATION represents over 90 public boards of education from all regions of the province, serving over 1,700,000 students and adult learners. OPSBA speaks for public education in Ontario and represents the interest of the public school trustees to the government, the public and the media.

ACKOWLEDGEMENTS

This brief was prepared by the Policy Committee.

OPSBA Policy Committee

Committee Chair: Judy Corbishley, Trustee, Carleton Board
Committee Vice Chair: Karen Redman, Trustee, Waterloo County

Committee Members:
George Klosler, Trustee, Oxford County
Dorothy Wight, Trustee, Timiskaming
Ken Johnson, Trustee, Scarborough
Allan Anderson, Trustee, Prescott & Russell
Sharon Summers, Trustee, Victoria County
Joanna French, Trustee, York Region
Jane Sparrow, Chair, Windsor
Frances Sewards, Trustee, Sault Ste. Marie

Staff Resource

Bev Allen, Director of Legislation and Finance

TABLE OF CONTENTS

		Page No.
I	Introduction	2
II	Mandated Programs and the Cost of Education . . .	5
	• Education Programs	5
	• Environmental Regulation	6
	• Voluntary Implementation	6
	• Pay Equity	7
	• Local Fiscal Impact	8
III	Capital Funding	8
	• Adequate Support	8
	• Revisions to the Capital Grant Program	10
	• The Provincial Allocation Process	12
	• Planning	13
IV	Property Tax Solutions	14
	• Cash Flow	14
	• Payments-in-Lieu of Taxes	16
	• Telephone, Telegraph Taxes	17
V	Concluding Comments	17
VI	Recommendations	18

OPSBA PRESENTATION TO THE STANDING COMMITTEE ON

FINANCE AND ECONOMIC AFFAIRS

1991

FUNDING OUR EDUCATION SYSTEM IN THE 1990'S

I INTRODUCTION

This year the opportunity to appear before the Standing Committee on Finance and Economic Affairs offers all who participate a challenge. The provincial economy is the number one public concern. The Province of Ontario's revenues are declining due to reduced income tax receipts and a reduction in transfer payments from the federal government. Expenditures are up as a result of recessionary pressures and the social assistance caseload increase.

One of the functions of the Standing Committee is to hear the views of various sectors of society on the Ontario economy, the up-coming 1992-93 Provincial budget and the financing priorities of the province. Should there be more money for new programs for economic restructuring and job training, for social housing, for much needed infrastructure, or for environmental programs? The Standing Committee's task this year of providing advice to the Treasurer of Ontario will not be an easy one.

The Ontario Public School Boards' Association, representing publicly elected trustees together with school board officials, is very much aware of the economic situation in our communities. Those boards with a shrinking assessment base found their 1991 school board budgeting processes difficult. 1992 will be even more problematic.

We note the comments of the Treasurer of Ontario in his Statement to the Legislature on November 19, 1991. Mr. Laughren outlined a series of strategies to address fiscal change, which will set the stage for the development of next year's provincial budget. The government has also tied the yearly announcement on transfers to all public sectors to the overall budgeting process, a logical move in that this allocation makes up over three quarters of the Provincial budget!

Provincial strategies as outlined in the November 19th Statement are:

- an executive salary freeze for the provincial government and its boards, agencies and commissions and a strong warning for realistic wage expectations on the part of public sector unions;

- limits on the amount of funding to transfer payment recipients, i.e. schools, hospitals, colleges and universities, municipalities;

- program and service reviews by Treasury Board for "efficiency, cost-effectiveness and consistency to our priorities of economic renewal and social justice";

- streamlining all government operations, restructuring, organizational changes, etc.

We have built our proposals on these strategies.

The 1992 Transfer Payments: A Commitment to Education emphasizes the need for the province to provide adequate operating support to education in the up-coming transfer payment announcement. If adequate provincial support is not possible, OPSBA states that there are only two alternatives:

1. Program cuts to education
2. Double-digit property tax increases.

Program cuts would endanger the quality of education at a time when it should be viewed as the solution to some of the problems of economic restructuring and preparation of our citizens for a more competitive environment. Citizens will need education and social supports. Unfortunately sometimes these programs are the first to be cut. Education property tax increases are not an option in some of the more economically depressed communities.

OPSBA makes a series of recommendations in its two briefs which would make these above two alternatives less likely.

In this brief, Funding our Education System in the 1990's, we state that provincial leadership is needed. A review of administrative procedures and legislation to provide for cost-efficiencies and flexibility would help. If more decision-making were local as opposed to provincial, public school boards could manage their community needs more effectively and cost-efficiently. Legislative improvements to benefit the financial operation of public school boards (i.e. cash-flow improvements and access to payments-in-lieu revenues), and the streamlining of program delivery and the elimination of duplicate procedures can make a substantial difference.

We are aware that some of these issues are being addressed in other forums, but all cannot wait for education finance reform.

Last year we came before this Standing Committee and stated that it was time to "take stock of the situation and assess the future direction of our education system to ensure that the needs of our citizens are met. --- Education cannot be viewed in isolation. Society is changing and so are public expectations. Ontario is an economically diverse and multi-cultural province with large urban centres and smaller rural communities. The challenges we face are complex, but must be met by all the governmental partners." Nothing has changed to alter our views.

The challenge of delivering such a fundamental program as elementary and secondary education to our citizens in tight economic times must be met.

The Provincial government has indicated its intention to "reform" education finance. To achieve a significant increase in provincial funding for education, whether it be the sixty percent solution or some other funding model, the current finance model must be revised. Studies, commissions, and other committees of the Legislature have concluded that the principles of equity in educational opportunity, equity in financial burden and tax burden, and local autonomy and responsibility have all been compromised. Also it is recognized that equity in educational opportunity may require differential levels of funding. The Property Tax Working Group of the Fair Tax Commission is in the process of reviewing the appropriateness of the current balance of property tax and provincial taxes for financing education. The Ministry of Education has also stated its intention to undertake a comprehensive review of the education grant system in 1992. However, we know that change will not occur overnight and certainly not in 1992!

In the companion brief, <u>The 1992 Transfer Payments: A Commitment to Education</u> we note that over eighty percent of the local school board budget is salary related. There is little leeway for cutbacks without significant program cuts and employee layoffs. There must be some streamlining and organizational changes in the immediate future to enable school boards to cope with the current economic crisis. For example, the past two annual reports of the Provincial Auditor have pointed out cost-savings that could be achieved from cooperative transportation services between coterminous school boards.

We present a series of recommendations for **immediate consideration and implementation** to assist both partners, the school boards and the Provincial government, in the delivery of education. Effective management of our education system during this period of economic restraint must begin with the leadership of the Provincial government. The government must provide this leadership by implementing the legislative and policy changes, such as those outlined in this brief.

II MANDATED PROGRAMS AND THE COST OF EDUCATION

EDUCATION PROGRAMS

School board costs are under considerable public scrutiny in light of the growing costs for the delivery of education. Why are school board costs escalating? What is driving the rise in expenditures?

Provincially imposed programs and legislation have increased the costs. Provincial directives for mandatory special education, second language instruction, heritage language instruction, have added to budgets. The reduced class size for Grades 1 and 2, the emphasis on computer technology and other guidelines regarding curriculum enhancements all add up.

The end result of the "restructuring of education" process of the Ministry of Education will increase both local school boards' costs and provincial costs of delivery. The Transition Years Consultation Document recommends for example mandatory guidance for grades seven and eight, a common core curriculum, and an increased emphasis on teacher training to enable the suggested changes in the classroom to proceed. The Early Years Consultation Document of the Ministry of Education raises the issues of class size, pupil/teacher ratio, provincially prescribed policies for both indoor and outdoor learning materials and equipment, without any questions about the cost implications.

OPSBA does not negate the value of these policy initiatives but the cost of implementation must be factored into the increased costs of doing business. Provincial grants have not kept pace with the true impact of policy change. Past provincial governments provided incentive funding for these priorities instead of increasing the basic per pupil grant. Once the incentive funding was utilized the remaining cost was passed on to the local tax base.

School boards recognize that education, including adult education, does have a role to play in the economic restructuring of this province, but can only do so if the financial support is there. Although adult education as a discretionary program is presently underfunded, many public school boards in economically depressed areas and in areas of high immigration are being pressed to increase their involvement in adult education. Public school boards as good corporate citizens feel the need to assist their communities and provide opportunities for job training and completion of Ontario Secondary School diplomas.

The inadequate support in the General Legislative Grant program for English as a Second Language (ESL) is of concern to those public boards with a high percentage of new Canadians. As public school boards will continue to play a significant role in language instruction for new Canadians, both children and adult learners, federal/provincial dollars should be available to assist these boards.

ENVIRONMENTAL REGULATION

The provincial priorities of occupational health and safety, and environmental regulation have affected local school board expenditures. The government must realize that new requirements from the Ministry of Environment and Ministry of Labour will impact the adequacy of support to education in the General Legislative Grant program.

The most recent example is the Waste Management Act, 1991 presently before the Legislature which requires all school boards to implement mandatory waste audits, waste reduction plans and source separation in 1992. Public school boards support the philosophy of a starting conserver society. However, implementation will require additional resources at the board level for waste management coordinators and staff training. There is no mention in the Ministry of Environment announcements of financial assistance, not even start-up funding.

VOLUNTARY IMPLEMENTATION

The current economic realities suggest that local school boards cannot assume new responsibilities without adequate support - whether it be increased provincial funding or increased access to local revenue. Therefore in Part I of our brief OPSBA recommended that, if transfers to education in 1992 are not "adequate", all new mandatory programs such as implementation of kindergarten by 1994 and integration of special education students into the regular classroom beginning in September 1992, or the mandatory waste audit and waste reduction plans, must be deferred. Implementation should only proceed according to local need and the local ability to pay.

If grants to school boards are curtailed and new programs outlined in several bills before the Legislature proceed (Bill 125, an Act to Amend the Education Act and related Acts, and Bill 143, the Waste Management Act), public boards will have no recourse other than to contravene of the Education Act by incurring operating deficits or acting in contravention of the Environmental Protection Act. The other alternative would be publicly unacceptable mill rate increases.

1. **OPSBA recommends that the government not impose new programs or regulatory requirements that have the collective affect of adding significantly to local school board budgets. Implementation of new programs and regulations must proceed on a voluntary basis, to reflect local need and the ability to pay.**

PAY EQUITY

The 1991-92 provincial budget introduced the pay equity fund. "The government will make available $100 million to assist our major transfer partners including municipalities, school boards, hospitals, and universities and colleges, with the cost of pay equity adjustments due in 1991-92." However, to date this money has not flowed to school boards. In October 1991 the Treasurer removed $50 million of unspent funds from the program in his Mid-Year Spending Adjustment Plan on the basis that there were "savings as a result in the delay of passage of the legislation on proportional pay equity."

Public school boards are implementing their pay equity plans now, and this is a major expense. The criteria for accessing this funding are still in the development process, eight months into the provincial fiscal year and eleven months into the school board fiscal year!

2. **OPSBA urges the government to develop in consultation with school boards, criteria for accessing the Pay Equity Fund in this provincial fiscal year.**

   OPSBA recommends that the $50 million be re-allocated back into the 1992-93 provincial budget to address costs arising from the legislation of proportional value/proxy pay equity.

LOCAL FISCAL IMPACT

OPSBA has identified the need for a more accurate costing of education to ensure that the costs of delivery are funded more equitably in the basic per pupil grant of the General Legislative Grant program, and in the other special program grants of the GLG. We are pleased to hear that the Ministry of Education is in the process of developing a comprehensive corporate database to more accurately cost the delivery of education. It is recognized that, while individual ministry budgets are being cut, this must be a government priority with adequate support to enable the project to proceed.

3. **OPSBA urges financial support to the Ministry of Education for the development of a comprehensive finance database for education to assist the government partners in an accurate assessment of the costs of education.**

OPSBA in its 1991 brief to the Standing Committee on Finance and Economic Affairs, stated that there was a need for Cabinet decisions on policy and programs to consider the impact on the provincial budget **and** also the local fiscal impact.

4. **OPSBA recommends that all submissions to Cabinet and Management Board include a school board financial impact analysis of provincial initiatives that they will be required to implement.**

The comprehensive database is required for this. This data is essential, as well, to the review processes of the Fair Tax Commission, and any future Ministry of Education review of education finance.

III CAPITAL FUNDING

ADEQUATE SUPPORT

The 1991-92 provincial budget gave $419 million to school boards for capital needs for new pupil spaces and renovations. Approximately $230 million has been allocated through the Capital Grant Program, and approximately $119 million through the government Anti-Recession Funding Program. (Fifty million dollars has been held back pending the development of criteria for multi-use schools.)

Public school boards capitalized on the anti-recession funding, increasing their mill rates or depleting reserves to provide the matching dollars to take advantage of the program in order to renovate schools and to generate employment in their communities.

OPSBA strongly supports the statement of the government in Budget Paper D, The Ontario Capital Fund in last year's provincial budget document: "Public sector investment in infrastructure makes an important contribution to economic and community development in Ontario. The money that the government spends on roads, schools, hospitals, and other public facilities has a positive impact on the current and future growth of this province. --- Public investment in human capital such as spending on education and training that increases the skills and adaptability of the workforce also makes a contribution to long-term economic and social development."

We support a continuation of this emphasis in the 1992-93 provincial budget. There is a backlog of unfunded requests for new schools to meet the needs of growth boards as well as renovations for all. More than 20 percent of the schools in the Province are over 50 years old.

Funding for schools is allocated by the Ministry of Education on the basis of a pupil loading formula for specific types of classrooms or facilities. This rated capacity formula, with the exception of the change to reflect the classroom size for grades one and two, has not been adjusted for years. Consequently school boards do not get funding based on their actual requirements. New schools can open at capacity with portables, giving the perception that school trustees are poor planners!

The rated capacity formula has not been adjusted to reflect the Ministry's own directives. The program's pupil loading criteria no longer reflects the reality of classroom size as required in education policy directives. Class configurations have changed to accommodate microcomputers and science work stations, multi-functional classrooms, changes in teaching practices, etc. as directed by the Ministry of Education. This outdated formula also has the effect of creating artificial data about pupil spaces in public schools, which impacts all government policies regarding school facilities, such as local public/separate school accommodation negotiations (Bill 30), the provincial allocation process, etc.

It is recognized that updating the rated capacity formula will require money over and above the present $300 million or the allocation will build fewer schools.

5. **OPSBA urges the government to review and update the rated capacity formula.**

6. **OPSBA urges the government to increase the capital grant allocation to at least the level necessary to accommodate rated capacity formula changes directed by Ministry of Education policy.**

The Anti-Recession funding benefited many boards this year by providing much needed renovation money and dollars for new pupil spaces. However, the program administration should be streamlined similar to OPSBA's recommendations regarding the Capital Grant Program. This will enable local boards to take maximum advantage of this provincial grant.

7. **OPSBA recommends that the Anti-Recession fund continue in the 1992-93 fiscal year, with access to school boards for funding for school capital and renovations.**

REVISIONS TO THE CAPITAL GRANT PROGRAM

All public school boards would react favourably if the Treasurer's strategy for dealing with long-term budget pressures, that is, "streamlining of government operations, restructuring and other organizational changes", were applied to the education Capital Grant Program. The rules and regulations for this capital funding and the onerous reporting requirements for school boards is a prime example of excessive administration and provincial control at the cost of government efficiency. The Capital Grant Program inappropriately makes the provincial government the "manager" of school facilities across this province. Instead, the role of the Ministry of Education and its regional offices should be to establish criteria and funding paraments, and then allow local school boards to make the most cost efficient use of public dollars.

Last year we came before this committee and recommended a comprehensive review of the Ministry of Education's Capital Grant program. Unfortunately we are here today asking for the same thing, and the problems are even more acute than a year ago. OPSBA recommends that this not wait for the "review " of education finance. There are some steps that can be taken in terms of program efficiencies and legislative change that would greatly assist public school boards in maximizing limited resources.

The Capital Grant Program must be revised to:

- **achieve administrative efficiencies and cost-savings. There must be less Ministry of Education bureaucratic red tape and more local decision-making;**

- **provide a clear and acceptable provincial allocation process;**

- **provide for flexibility and local innovation.**

If public school boards do not receive adequate assistance for school capital from the provincial government there are no other alternative sources of revenue other than increasing property taxes. The Development Charges Act provides limited access to "user fees" for only a few growth boards. As well, the Education Act restricts the ability of public boards to seek innovative solutions.

Some examples:

- School boards unlike municipalities cannot negotiate with developers to find alternatives to building schools other than development charges. (e.g., build/lease agreements with an option to purchase).

- The Education Act (Section 134(1)) permits separate school boards to pass a by-law for borrowing money to finance schools by mortgages. Public boards cannot do this.

- Public school boards must go to the Ontario Municipal Board for approval to issue debentures for school financing, and are subject to a public hearing process if there are citizen objections, at times delaying projects and increasing costs. These rules do not apply to separate school boards.

- Many school boards have developed shared facilities with the area municipality/library board/community college. However, excessive Ministry approvals have caused undue delay and made the process more difficult. Fifty million dollars of the Capital Grant plan was set aside this year for these types of projects, but the funding has not yet been allocated. As well the current regulations prohibit "shared-use" facilities with the private sector.

- Public school boards would like to explore board/business partnerships in their communities. The American strategy America 2000: An Education Strategy created a education/ business partnership. Private sector funds are being used to set up pilot projects for "model" schools. Some school boards would be interested in developing public/private sector partnerships for local innovations or perhaps "specialized" schools. A special high school with a mathematics and science emphasis or an "arts" school in the community, built in cooperation with local business interests, would do much to enhance the quality of education.

- Multiple approvals for school projects cause delays and add to costs. Improved coordination of approvals between the Ministry of Education and local school boards, and streamlining of approvals of the Ministries of Housing, Environment, Energy, Fire Marshalls Office and other relevant Ministries would save time and money.

8. OPSBA recommends that the Ministry of Education and Treasury Board, in consultation with the school trustee associations and school board officials, review the administrative and regulatory requirements of the Capital Grant Program to facilitate local flexibility and administrative cost-savings.

THE PROVINCIAL ALLOCATION PROCESS

Every year the Ministry of Education announces the projects to be funded from the Capital Grant allocation. School boards and the public do not understand how decisions are made by the Ministry; why some schools are approved and some are not. The evaluation criteria are vague and not well understood by public boards. Schools placed as third or fourth priority by the board in its plan submitted to the Ministry can receive an allocation, while the first choice is ignored.

In 1991 approximately 67 percent of the capital allocation went to separate school boards with only 32 percent for public schools. This policy appears to discount the fact that the public education system serves three times as many pupils. The public boards are also truly "public" with a mandate of providing education to every student. It is a universally accessible system. It is a system that has the highest percentage of the "harder-to-serve" students; those requiring special education, second language assistance, adult retraining. Therefore, the provincial government must take the broader mandate of public education into consideration in the per pupil space allocations.

Are the needs of separate school boards more acute than public boards? Are there more portables at separate schools? OPSBA does not believe so. The explanation provided is that one of the factors taken into consideration when determining the funding is the local ability to pay, that is; assessment wealth. When the assessment wealth of public school boards is factored into the equation, the misconception is that public school boards do not need as much assistance! It should also be noted that school board assessment wealth is not a measure of the individual taxpayer's ability to pay.

Well-defined and well-balanced criteria that include not only assessment "wealth" and enrolment growth but also school board mandate and other factors, is needed.

9. OPSBA recommends that the Ministry of Education develop, through consultation, allocation criteria, and that these be publicized.

As well, the Ministry of Education through its regional offices should provide a yearly public report which sets out the criteria and rationale for capital funding allocations.

PLANNING

School boards submit their capital requirements yearly stating their local priorities (the Capital Expenditure Multi-Year Forecast). Projects are then announced annually by the Ministry with a lead time of several years. For example in the 1991 budget the government announced the capital allocation for 1994-95.

In reviewing the details of the Capital Grant Program the orientation appears to be towards site planning and not board-wide long-term facility planning and coordination. This is not lack of foresight on the part of school board officials and trustees. The concentration on site by site allocations is a result of Ministry procedures and reporting.

The Taman Commission (Report of the Commission of Inquiry into School Accommodation in Ottawa-Carleton) identified the lack of provincial leadership in encouraging long-term financial planning as a problem. The report suggested a region-wide approach to accommodation planning with a leadership role on the part of the Ministry of Education's regional offices in bringing coterminous boards together in this exercise.

OPSBA suggests that there should be a more formalized and comprehensive planning process at the local board level, with more local authority to determine funding priorities. One concept to be explored is a board or regional master plan for school facilities, similar to the municipal recreation master plan process. The local school board(s) could develop through public consultation a long-range capital plan (five and 10 year) and submit the plan to the Minister of Education. The Ministry would review and approve the plan to ensure that local needs were being addressed in the context of broad provincial priorities. Allocations would then flow to the local level on the basis of these five year projections and plans prepared by the school boards.

10. OPSBA recommends that the government work with school boards in developing a local school facilities planning process.

That the allocation process be revised to be a board allocation process and not an individual project allocation process. Local school boards would determine projects on the basis of their facilities plan.

As well, it is recommended that the Capital Grant Program and the Education Act be amended to provide for school board authority for local facility master planning.

IV. PROPERTY TAX SOLUTIONS

CASH FLOW

The government can make a significant improvement in education finance and benefit the residential taxpayer, by improving the cash-flow from the province to local school boards and from municipalities to school boards at the local level.

The Macdonald Commission in 1985 pointed out that school boards paid out significant sums in interest payments to finance their operations while waiting for money from the province. The Commission stated, "we think that the province should transfer funds to school boards each month as expenditures are incurred, particulary during the first three months of the calendar year." The problem still exists.

Presently the grant is allocated on the basis of 17 percent at the end of the first three months of the year, payments disbursed throughout the year with a seven percent hold-back not paid until the next school board fiscal year, pending the financial statement. This payment schedule and inflexibility can result in local borrowing at high interest rates, an inefficient way to manage public resources.

11. OPSBA recommends that the General Legislative Grant regulations and payment schedule be amended as follows:

- **25% paid out by March 1st;**
- **elimination of the seven percent hold-back with the total allocation paid out in the school board fiscal year.**

Municipalities collect taxes for school boards and forward them during the course of the year on a quarterly schedule, or more frequently if mutually arranged. The Education Act states the payment schedule as:

- 25% by March 31st
- 25% by June 30th
- 25% by September 30th
- 25% by December 15th

Section 215 (3) of the Education Act provides for an improved schedule if agreed to by the school boards and most of the municipalities in the school board jurisdiction (representing 2/3 of the equalized assessment). Some school boards and municipalities have managed to work together to develop a more equitable and timely sharing of property tax dollars, but these situations are the exception.

Municipalities issue interim tax bills early in their fiscal year. Most of the property tax dollars have been collected by mid-year. The municipality has the advantage of keeping the funds and the interest earned (regarded by the municipal sector as their fee for tax collection!). Interest paid is always more than interest earned and when school boards are faced with interim borrowing, this seems to be poor financial policy. The ultimate loser is the residential ratepayer!

12. OPSBA recommends that the Education Act and the Municipal Act be amended in the spring 1992 session of the Legislature to revise the payment schedule to ensure a more realistic transfer of education property tax to school boards.

This legislative amendment would provide immediate help for many public school boards by reducing the need for interim borrowing to cover operating expenses. Rather than viewing the loss of interest accrued to municipalities as a municipal revenue loss, the legislative amendment should be viewed as an improvement which would ultimately benefit the residential ratepayer.

PAYMENTS IN LIEU OF TAXES

Properties of the federal and provincial governments do not pay property taxes but make instead "payments-in-lieu" to the municipality. Some of these are shared with the education sector and some are not. For example, only those federal properties that are tenant occupied are shared with the local school board (defence properties, residential property owned by the federal government). Provincial properties do not pay full taxes but a portion. Under Section 160 of the Municipal Act the government pays $75 per bed or student for such institutions as hospitals, colleges and universities, correctional facilities, and for large facilities for the mentally retarded. The legislation provides for payment to the municipality only. Like the federal situation, only those properties related to residential occupation are shared with the school board (properties owned by Ontario Housing Corporation, tenant occupied property).

It is time to re-think this policy. Payments-in-lieu are viewed as a replacement for property taxation, and for this reason should be shared more equitably amongst all local programs and services funded from the property tax base. Approximately $125 million was paid by the province for its properties to municipalities in 1991, with none of this shared with the local school board for compensation for their expenses incurred. School boards as well as municipalities are impacted by these provincial institutions. As our health services, correctional facilities and facilities for the mentally retarded become more community-based, the education system has had to respond. An obvious example of the government's policy to deinstitutionalize and provide access to services to all citizens is special education, a high cost program. School boards should have access to the payments-in-lieu as part of their local revenues to assist in meeting these costs.

13. OPSBA recommends that the Municipal Act and the Education Act be amended in the spring 1992 session of the Legislature to provide for the equitable sharing of provincial payments-in-lieu between school boards and municipalities.

Further, OPSBA requests the provincial government to pursue with the federal government, similar amendments to the federal grants-in-lieu legislation.

This issue is likely one of the many under review by the Fair Tax Commission, Property Tax Working Group. It is not a new concept. The recommendation has been made by a variety of Commissions (MacDonald Commission) and committees. We suggest that there has not been action as there has not been agreement amongst the affected parties to proceed with a solution. OPSBA offers its assistance in working with the government and municipalities to provide a solution to benefit the residential taxpayer, and to provide assistance to school boards who provide high cost education programs and services for those citizens now in the community. As well, OPSBA suggests that the government's policy review include grants in lieu for community group homes.

TELEPHONE AND TELEGRAPH TAXES

Section 161 of the Municipal Act provides for the sharing (between the area municipalities and the local school board(s)) of telephone and telegraph taxes of companies operating in the jurisdiction. However, in areas of the province without municipal jurisdiction the revenues collected for these taxes are paid to the Ministry of Revenue, and consequently are not shared with the local school boards. There are situations in Northern Ontario where there may not be a municipality, but there is a school board. In 1990 it was estimated that approximately $2 million in revenue was lost to these small northern boards.

14. OPSBA recommends that the Provincial Land Tax Act be amended to enable the equitable sharing of taxation from telephone and telegraph taxes in areas without municipal organization, with the local school board.

V CONCLUDING COMMENTS

The Ontario Public School Boards' Association feels strongly that in partnership with the government, public school boards can be part of the solution to the problems that we face. This can only happen with mutual commitment.

The public school boards state that the challenge of delivering such a fundamental program as elementary and secondary education with limited resources must be met. We offer our assistance to the government to look at immediate solutions. All cannot wait for "reform". There are legislative, regulatory and administrative changes that could be implemented now to achieve government efficiency and political accountability.

VI FUNDING OUR EDUCATION SYSTEM IN THE 1990'S: RECOMMENDATIONS

MANDATED PROGRAMS AND THE COST OF EDUCATION

1. OPSBA recommends that the government not impose new programs or regulatory requirements that have the collective affect of adding significantly to local school board budgets. Implementation of new programs and regulations must proceed on a voluntary basis, to reflect local need and the ability to pay.

2. OPSBA urges the government to develop in consultation with school boards, criteria for accessing the Pay Equity Fund in this provincial fiscal year.

   OPSBA recommends that the $50 million be re-allocated back into the 1992-93 provincial budget to address costs arising from the legislation of proportional value/proxy pay equity.

3. OPSBA urges financial support to the Ministry of Education for the development of a comprehensive finance database for education to assist the government partners in an accurate assessment of the costs of education.

4. OPSBA recommends that all submissions to Cabinet and Management Board include a school board financial impact analysis of the provincial initiatives that they will be required to implement.

CAPITAL FUNDING

5. OPSBA urges the government to review and update the rated capacity formula.

6. OPSBA urges the government to increase the capital grant allocation to at least the level necessary to accommodate rated capacity formula changes directed by Ministry of Education policy.

7. OPSBA recommends that the Anti-Recession fund continue in the 1992-93 fiscal year, with access to local school boards for school capital and renovations.

8. OPSBA recommends that the Ministry of Education and Treasury Board, in consultation with the school trustee associations and school board officials, review the administrative and regulatory requirements of the Capital Grant Program to facilitate local flexibility and administrative cost-savings.

9. OPSBA recommends that the Ministry of Education develop, through consultation, allocation criteria, and that these be publicized.

   As well, the Ministry of Education through its regional offices should provide a yearly public report which sets out the criteria and rationale for capital funding allocations.

10. OPSBA recommends that the government work with school boards in developing a local school facilities planning process.

    That the allocation process be revised to be a board allocation process and not an individual project allocation process. Local school boards would determine projects on the basis of their facilities plan.

    As well, it is recommended that the Capital Grant Program and the Education Act be amended to provide for school board authority for local facility master planning.

PROPERTY TAX SOLUTIONS

11. OPSBA recommends that the General Legislative Grant regulations and payment schedule be amended as follows:

    - 25% paid out by March 1st;
    - elimination of the seven percent hold-back with the total allocation paid out in the school board fiscal year.

12. OPSBA recommends that the Education Act and the Municipal Act be amended in the spring 1992 session of the Legislature to revise the payment schedule to ensure a more realistic transfer of education property tax to school boards.

13. OPSBA recommends that the Municipal Act and the Education Act be amended in the spring 1992 session of the Legislature to provide for the equitable sharing of provincial payments-in-lieu between school boards and municipalities.

    Further, OPSBA requests the provincial government to pursue with the federal government similar amendments to the federal grants-in-lieu legislation.

14. OPSBA recommends that the Provincial Land Tax Act be amended to enable the equitable sharing of taxation from telephone and telegraph taxes in areas without municipal organization, with the local school board.